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CURRENT INTELLIGENCE DIGEST

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CENTRAL INTELLIGENCE AGENCY

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GENERAL

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2. Soviet violation of Iranian border reported: In the course of a Soviet patrol violation of the Iranian border in the Azerbaijan area, one Russian soldier was killed and one arrested. At the request of the USSR, a meeting with the Iranian frontier offices was held, at which time a Soviet ambush recaptured the soldier. Later, the body of the other was recaptured and the Iranian Commissar was kidnapped. He has not yet returned.

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Comment: Reports of increased Soviet security measures along the frontier, and preparations for regular spring maneuvers have been received in the past few weeks by the American Embassy in Tehran.

Similar border measures and stepped-up patrol activities were also reported during April 1951. Iranian Military Intelligence has reported to the US Military Attache that the USSR has generally avoided incidents for the past two years.

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EASTERN EUROPE

3. Josef Tesla reported as a Secretary of the Central Committee of the Czechoslovak Communist Party: The American Embassy in Prague quotes a Czech press report that Josef Tesla was present as "a Secretary of the Central Committee of the Czechoslovak Communist Party" at the demonstration marking the twentieth anniversary of the miners' strike at Most on 13 April. This contradicts a United Press report from Vienna in March that Tesla was purged. (C Prague 741, 6 Apr 52)

Comment: As part of the Czech Communist Party reorganization of 6 September, six Secretaries of the Central Committee replaced the Deputy Secretaries General. There have been unconfirmed reports that at least two of the original six were purged, and in March Frantisek Pexa and Jindrich Uher were reported as new Secretaries of the Central Committee.

This is the first indication that Josef Tesla may be a Secretary of the Central Committee. He is Secretary of the Communist Party Regional Committee in Usti nad Labem, under whose jurisdiction Most lies. It is believed, therefore, that he may have been mistakenly reported on the Central Committee and may in fact still hold the position of Secretary of the Regional Committee.

4. Hungarian Cabinet decrees economy drive: The Hungarian Cabinet on 11 April adopted a resolution calling for the elimination of "superfluous" investments, fuller use of present equipment, and concentration of investments on high priority projects such as the Stalin Iron Works. Specific recommendations called for reduction in the cost of building operations by three percent below estimates, and ordered raw material savings of two percent in rolled steel and lower coal consumption in manufacturing, power stations, and railways. Last year's economy committee was abolished, along with the special committees in factories, and responsibility for the economy campaign was transferred to the People's Economic Council, the National Planning Office and the appropriate ministries.

Another cabinet resolution on 16 April imposed pay sanctions for unwarranted absenteeism and reduced wages for the worker's lunch period. The wording of the Szabad Nep

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article publishing the cabinet decision is believed to foreshadow wage economies and to imply higher work norms. (R Budapest 790, 16 Apr; R Weeka 15 Budapest, 11 Apr 52)

Comment: Basic deficiencies of manpower and raw materials besetting Hungarian industry have led government and party to an ever-intensifying campaign against waste, high costs, low labor productivity, poor discipline, and inefficient management in general. Decrees in March reduced wages for vacation time and imposed paid internships on graduates of universities and technical schools.

Almost simultaneously a decree, ostensibly regulating the extension of credit, tightened bank control over financial operations, evidently as a means of increasing financial responsibility on the part of managers of State enterprises and cooperatives.

The newest measures may be connected with the return of Zoltan Vas, head of the National Planning Office, from Moscow. When he reached Budapest he took up the problems of work discipline and manpower migration with the Hungarian Workers' Party Central Committee.

5. Yugoslav Foreign Minister receives Iranian and Argentine Ministers: A Belgrade radio broadcast states that Acting Foreign Minister Leo Mates received the Iranian and Argentine Ministers on 12 April. No statement regarding the subject of these separate conversations was made. (R FBIS Belgrade, 14 Apr 52)

Comment: Consultations with the Iranian and Argentine representatives at this time may be related to Yugoslav apprehension over the prospect of a "big power deal" on Trieste. Yugoslavia may hope to gain some insight into the problems of other minor powers who contend that they have been victims of United States-United Kingdom "imperialism."

6. Yugoslavia permits the entry of foreign technicians in industry: United States Embassy officials in Belgrade believe that the announced decree permitting the employment of foreign technicians and the expenditure of foreign exchange for their compensation may indicate a partial victory for Svetozar Vukmanovic, President of the Council for Industry and Buildings, who is believed to favor such steps in an effort to complete the key industrial investment program.

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Despite the acceptance of foreign technicians under the various technical assistance programs, Embassy observers state that the Yugoslavs still regard the presence of US-sponsored technicians as a necessary evil. They are less reluctant, however, to accept private or United Nations-sponsored groups. There is also evidence that certain technicians of unspecified nationality will be employed by "military enterprises and institutions." (C Belgrade Desp #832, 4 Mar 52)

Comment: In view of the ambitious nature of Yugoslav development plans, the shortage of capital and technicians is an ever present problem. The Vukmanovic school of thought is believed to be sharply opposed by that led by Boris Kidric which, on ideological grounds, opposes the admittance of Western capital and technicians.

7. Ambiguity plagues Yugoslav agrarian policy: The United States Embassy in Belgrade reports that some official impatience has been expressed regarding the apparent reluctance of local authorities to reorganize uneconomic collectives and emphasize the role of the general type cooperative in which the individual peasant owns and works his own land.

Although the general type has received much lip service, conflicting concepts of the precise role to be played by these units have created a vast amount of confusion. One group regards the general cooperative as a means of increasing the production of private peasants; the other believes that it is an alternative mechanism to collectivize those peasants who have thus far resisted frontal attack. According to Embassy observers, the latter view appears for the present to be dominant. (C Belgrade Desp #853, 11 Mar 52)

Comment: In keeping with the effort to increase agricultural production, the regime last fall initiated a new tactic in the form of a "more rational" agrarian policy. In the collectivized sector, workers were to be paid in cash for norms met, not in kind for hours of labor. In addition, uneconomic units were to be returned to the general collectives or to the completely private sector. The principal short-term objective of the regime during the past year has been to hold the line in the face of strong peasant pressures to withdraw from existing collectives.

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FAR EAST

8. Rhee's opposition in National Assembly exhibits strength:
Rumors that Rhee's recent campaign of threats and blandishments have sapped the strength of his opposition in the Assembly appear to have doubtful validity. The strength of Assembly opposition to the concentration of power in Rhee's hands is demonstrated by the collection of 123 signatures, out of 183 Assembly members, to a petition calling for a constitutional amendment to institute a system of cabinet responsibility to the Assembly.

A further indication of opposition to Rhee was exhibited by an Assembly Committee which introduced a constitutional amendment restricting the arrest of "those engaged in a political movement."

Rhee's campaign against Assembly opposition during the past week took the form of politically motivated action, consisting of a court indictment and a recall petition, against two key leaders in Assembly resistance. (C Joint Weeka 16, 16 Apr 52)

Comment: A similar "cabinet responsibility" amendment submitted by the National Assembly was previously vetoed by Rhee. A reliable South Korean political observer predicted this action and noted that Rhee might take precipitate steps, including dissolution of the Assembly, if the amendment was re-submitted.

9. Peiping negotiating delivery of radio factories from East Germany: The Chinese trade delegation visiting East Germany reportedly is urging the East Germans for delivery of 25 radio factories capable of producing small radio sets, designed to receive Radio Moscow and Radio Peiping. The factories are valued at about 25 million rubles (over 6 million dollars at the official rate of exchange).

Although conclusion of an agreement covering 1952 trade was expected soon, the Chinese have reportedly been informed that they would receive no further deliveries for the time being, as their payments to East Germany were 50 million rubles in arrears. [REDACTED]

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Comment: The last trade treaty between Communist China and East Germany, negotiated in October 1950, covered 1951

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commerce between the two countries. Failure thus far to announce an agreement for 1952 trade may reflect substantial differences between the two parties. In addition to irritation at the unpaid balance due from China, the East Germans are said to have complained about the quality of Chinese deliveries.

10. Chinese-trained Tibetans to be used in remodeled Tibetan Army: The enlistment of 2500 Tibetan natives of Sikang Province to serve with the Chinese Communist armed forces was attributed to propaganda work by Chinese Communist units crossing Sikang into Tibet. After basic training in Sikang, the volunteers are to be sent to Tibet proper to become the nucleus of the garrison forces formed from the army of the old Tibetan regime. [REDACTED]

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Comment: [REDACTED]

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[REDACTED] the Chinese Communists had disbanded the old Tibetan Army. In its place the Communists have raised a small force of newly-trained Tibetans, mostly from Chinese-influenced Sikang.

Chinese policy in Tibet is to deprive the Dalai Lama's following of any power of resistance to the Communists while using the Dalai Lama as a figurehead.

11. Chinese Communist plans for Burma reported: Representatives of the Burma Communist Party and the Chinese Communist Embassy met with Soviet advisers in Kunming, Yunnan, on 1 March, [REDACTED] It was decided that Li Mi was not an immediate threat to Yunnan and that the Chinese would not enter Burma "in order to avoid provoking the US and UK." The Burmese Communists, however, were to continue their pressure upon the government with a view to developing a situation similar to Indochina. [REDACTED]

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Comment: This report cannot be confirmed by information from other sources.

NEAR EAST - AFRICA

12. Iranian delegate to Moscow Economic Conference reportedly discusses Armenian immigration to the Soviet Union: An Iranian

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delegate to the Moscow Economic Conference, Roman Isayev, is reportedly discussing with USSR officials a plan to permit the immigration of one hundred Armenian families from Iran to the Soviet Union. The Iranian Ambassador in Moscow has asked the Iranian Foreign Office if Isayev had authority to conduct such talks. The Foreign Office had not replied up to 15 April. [REDACTED] [REDACTED]

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Comment: Isayev is a prosperous Armenian merchant with close Soviet and Tudeh connections, and was involved in the 1946 Soviet plan for "repatriating" Armenians to the USSR. It is doubtful that the Iranian Government would support any plan suggested by Isayev or agree to any such immigration.

13. Libyans want US to play larger part in Libya: Libyan Prime Minister Muntasser has informed the American Minister in Tripoli that an increasing number of Libyans believe the United States, rather than Britain and France, "should assume primary responsibility for the Libyan nation." Some Libyans fear that a few years of strong British interest in Libya may result in something comparable to what has happened in Egypt.

Muntasser stated that Libya "has little confidence in France" and that, while relations with the Italians were satisfactory, negotiations toward a property settlement were slow and filled with obstacles. (S Tripoli 560, 15 Apr 52)

14. Tunisian nationalists reportedly hope to form government-in-exile in Cairo: Minor Neo-Destour leaders still at large are reportedly fleeing to Cairo to form a government-in-exile under two members of the Chenik cabinet, Salah ben Youssef and Mohamed Badra. Instructions from Cairo to Tunisia are relayed by a Tripolitanian official. [REDACTED]

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Comment: Of more significance than the organization of any government-in-exile is the reported use of Libyan governmental employees to communicate with Tunisia. Undoubtedly a number of young Tunisians have fled to Libya and a few may have reached Egypt. France, with the aid of the British, however, can exert sufficient pressure upon the Libyan Government to dissipate a concentration of nationalist strength in Tripolitania.

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15. Changes in Tangier administration considered desirable:
The American Legation at Tangier reports that a return to the 1923 Statute, as amended in 1928, which the Spanish Government demands, is not now desirable. Certain changes in the 1945 agreement could be made, however, to eliminate ambiguities hindering satisfactory administration and to increase Spanish participation.

The Legation suggests that the Committee of Control could make the Administrator responsible for the maintenance of public order and grant him control over the police, and that Spanish participation could be increased by adding a Spanish Deputy Commandant of Police. It also suggests that the post of Assistant Administrator for Hygiene and Welfare could be re-created and given to the Spanish. These steps as well as others, such as increasing Italian representation in the legislature, could be taken within the framework of the 1945 agreement and without making an international conference necessary. (S Tangier 339, 15 Apr 52)

Comment: The 30 March disorder in Tangier underlines the need recognized by all participants in the Tangier Committee of Control for an effective allocation of responsibility for public order.

Although Spain accepted the situation created by the 1945 agreement, it has not considered this situation to be in accord with its rights and interests. Portugal and France also feel that the questions raised by Spain could be resolved without an international conference, which they fear would prompt the USSR to exercise its prerogatives of membership in the Committee of Control.

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WESTERN EUROPE

16. Stikker predicts serious economic trouble in Europe: Dutch Foreign Minister Stikker recently told United States officials in Washington that he expected "real economic trouble" in Europe within the next month or so.

He doubted whether the Organization for European Economic Cooperation and the European Payments Union could be kept going in the future, particularly in view of the United States refusal to make a direct contribution and its insistence that members solve their own financial difficulties.

Stikker believes that a termination of the Union would mean the end of the trade liberalization program in Europe, and might prevent implementation of the European Defense Community and the Schuman Plan. (S to Paris 683, 15 Apr 52)

Comment: The continuation of the Payments Union, which is scheduled to end 30 June, is still under discussion. Although Stikker is at times unduly pessimistic on world developments, the Dutch Government has considered the Union necessary for the preservation and expansion of intra-European multilateral trade.

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18. German unity issue might lead France to reject the European Defense Community: The American Embassy in Paris warns that if the French public gains the impression from Western publicity on the Soviet note that the strength of the West is being harnessed in the cause of German unity, the French Government will be faced with additional difficulties in seeking National Assembly ratification of the EDC.

There is widespread fear in France that efforts to unify Germany could precipitate a new world war, and one of the most telling arguments against the EDC when the Assembly first debated the question was the claim that a European Army might be used in the service of German unification. (S Paris 6334, 16 Apr 52)

Comment: The French Government was unprepared for the violence of the Assembly reaction to the pre-Lisbon Defense Community plan, and despite the steps to meet the Assembly's conditions, the renewed discussion of the possibility of German unity will encourage parliamentary opposition to the European Defense Community.

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20. Soviet enterprises exploit Austrian workers for production gains: The Soviet Military Bank in Vienna reportedly introduced on 1 January a new accounting procedure designed to stimulate production in Soviet-controlled firms in Austria through a system of wage penalties. Under this scheme, plants failing to reach production targets one month will suffer proportionate reductions in allocations for wages the following month. One-third of the firms affected reportedly delayed filing production returns in January while the remainder reported fulfillment of production goals. [REDACTED]

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Comment: The Military Bank's assumption of closer control over Soviet Enterprises in Austria and the initiation of a production drive have been suggested by other evidence. Nevertheless, the initiation of a system of wage penalties must be accepted with caution. Despite Communist infiltration, labor in the USIA-complex retains comparative freedom of action and has frequently expressed dissatisfaction. So obvious an attempt to exploit the workers could be expected to provoke a violent reaction.

21. Ammunition for Italian Army sabotaged in process of production: Defective casings which split during firing tests have caused military officials to reject 400,000 rounds of rifle and machine-gun ammunition manufactured for the Italian Army by the Bombrini-Parodi-Delfino munitions factory. Factory officials, who were unable to determine the cause by instituting strict controls in the production process, suspended work for three days in the section making the cartridges. When the machinery was checked an almost invisible piece of sheeting was found which had cut the casings during the stamping operation. [REDACTED]

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Comment: This act of sabotage, undoubtedly part of the Communist campaign to hamstring defense production in Italy, is the first instance in which specific details have been received on sabotage techniques and results. It illustrates the techniques which the Communists can easily apply in plants where they control a large part of the labor force.

22. Danish Government dislikes loan aspect of US-financed coal imports: The Danish Foreign Office has informed the American Embassy that the Danish Government would undoubtedly reject any loan provision in connection with the United States financing the importation of American coal as a substitute for Polish coal. (S Copenhagen 770, 15 Apr 52)

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Comment: With some difficulty the Danes had been dissuaded from agreeing to export a tanker to Poland in return for vitally needed coal on the assurance that the US would finance the net dollar cost occasioned by the shift from Polish to US coal. The intention of the US to offer a loan instead of a grant for part of the net dollar costs greatly disturbs the Danes, who consider such a proposal inconsistent and feel that their chronic dollar shortage precludes any loan.

LATIN AMERICA

23. Colombian Cabinet resigns: On 16 April all members of the Colombian Cabinet presented a joint letter of resignation to President-designate Urdaneta. The object of this move, which followed mounting rumors of governmental instability, was apparently to give the president a free hand during the present political crisis. Newspapers report that some of the resignations will probably be accepted.

According to an unconfirmed report, Urdaneta wants military men in all cabinet posts and all departmental governorships. (S Bogota 661, 16 Apr 52)

Comment: Urdaneta's apparent desire to place military leaders in important political positions is not illogical in view of the government's embarrassing inability to end the guerrilla warfare. He may also consider this an effective way to head off a threatened military coup.

24. Ecuador fears extension of Argentine influence in Latin America: Ecuadoran Foreign Minister Ponce has told a US Embassy official that he is worried about the possible extension of Argentine influence in Bolivia and other Latin American countries. Ponce said that Ecuador may be among the last to recognize the new Bolivian regime, partly because he intends to investigate rumors that it came to power with Argentine assistance.

According to the Embassy official, Ponce probably had Ecuador and its forthcoming elections in mind when discussing the possible expansion of Argentine influence. (C Quito 311, 15 Apr 52)

Comment: Ecuadoran presidential candidate Velasco Ibarra, like the new Bolivian chief of state, has spent the last several years in Argentina and is rumored to have the support of Peron.

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Ecuadoran officials may fear that widespread and prompt recognition of the Bolivian Government might spark a revolution in Ecuador.

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SOVIET UNION

1. Substance of Stalin-Radhakrishnan talk confirmed by Indian Charge: Neither Stalin nor Vishinsky made specific proposals during their talks with Indian Ambassador Radhakrishnan, according to Gundevia, the Indian Charge in Moscow, who was present. He confirmed the fact that only Indian international relations and internal affairs were discussed. It was due to pressure from newspaper correspondents that the Ambassador made a statement of his personal views, which were only in a negative sense based on the Stalin talk. (S S/S Moscow 1689, 17 Apr 52)

Comment: Indian officials in New Delhi have likewise confirmed that the talks consisted merely of polite conversation with no tangible offers made. According to the US Embassy in Moscow, United Press man Shapiro felt the Ambassador made his press statement on settling world problems partly out of wishful thinking, but mainly as a statement of his own views on leaving Moscow, which he hoped would be enhanced if placed in the framework of his talk with Stalin.

NEAR EAST - AFRICA

2. Establishment of interim government in Greece now appears unlikely: Opposition leader Papagos has prevented formation of the proposed interim government by his refusal to participate in a vote of confidence. The King's political adviser, Vendiris, had insisted that without the support of all the parties an interim government could not carry out economic and other reforms. (S S/S Athens 4513, 15 Apr 52)

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Comment: Papagos fears that a vote of confidence in an interim government would enable it to remain in power indefinitely. Consequently he has refused to take part in such a vote.

Indications are that the present government will continue to function for the time being with decreasing effectiveness in the face of a deteriorating economic situation and increasingly bitter opposition from Papagos' Greek Rally Party.

WESTERN EUROPE

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4. East Germany orders decentralization of municipal governments: The East German Government has ordered, effective 1 May, the decentralization of the administrations of the ten largest East German cities, excluding Berlin.

American observers in Germany consider this order as further evidence of the Socialist Unity Party's determination to strengthen its control by associating the population more closely with the regime and by enlarging its opportunities for influencing the people. (S Frankfurt Sitreps 12 and 13, 8 and 15 Apr 52)

Comment: This action may be part of the current "democratization" in the Soviet Zone. Reports of penal reforms, an order for increased attention to individual rights, and a recent directive for favorable consideration of "bourgeois" personnel in government positions are indications of the new "democratic" policy which was started in January.

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